

Edward Kline
In Pro Per
9932 Arbuckle Dr.
Las Vegas, Nevada 89134
Tel: (702)256 6439

RECEIVED AND FILED

APR 16 A 11:08

U.S. BANKRUPTCY COURT
PATRICIA GRAY, CLERK

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re:

USA COMMERCIAL MORTGAGE
COMPANY,

USA CAPITAL REALTY ADVISORS, LLC,

USA CAPITAL DIVERSIFIED TRUST DEED
FUND, LLC,

USA CAPITAL FIRST TRUST DEED FUND,
LLC,

USA SECURITIES, LLC, Debtors.

Affects:

- ☐ All Debtors
- ☒ USA Commercial Mortgage Company
- ☐ USA Capital Realty Advisors, LLC
- ☐ USA Capital Diversified Trust Deed Fund, LLC
- ☐ USA Capital First Trust Deed Fund, LLC
- ☐ USA Securities, LLC

Case No. BK-S-06-10725-LBR
Case No. BK-S-06-10726-LBR
Case No. BK-S-06-10727-LBR
Case No. BK-S-06-10728-LBR
Case No. BK-S-06-10729-LBR

CHAPTER 11

Jointly Administered Under Case No. BK-S-
06-10725 LBR.

Objection

**AMENDED NOTICE OF HEARING
REGARDING SEVENTEENTH
OMNIBUS OBJECTION OF USA
COMMERCIAL MORTGAGE
COMPANY TO CLAIMS ASSERTING
SECURED STATUS**

Hearing Date: April 26, 2007
Hearing Time: 9:30 a.m.

I, Edward Kline, in Pro Per, am filing an objection to
the above ~~AMENDED~~ "AMENDED NOTICE OF HEARING REGARDING
SEVENTEENTH OMNIBUS OBJECTION OF USA COMMERCIAL MORTGAGE
COMPANY TO CLAIMS ASSERTING SECURED STATUS).

1 As a Direct Lender to Fox Hills 216 LCC, I oppose
2 this petition to absolve USACM Liquidating Trust of
3 USAMC's responsibility as a beneficiary in holding my
4 Power of Attorney to administer this loan. To remove
5 themselves from this responsibility leaves no one to
6 notify the Trustees of default by the Borrower or to
7 order the Trustee to foreclose. I am not allowed to act
8 in the above by orders of the Bankruptcy Court, which
9 leaves me in a more precarious position.

10 This action by the Liquidating Trust is premature
11 in that this loan has not been paid, resolved, or con-
12 cluded. USACM has been paid for a year to do this. It
13 was reported in one open meeting that USACM had settled
14 several loans and was making sufficient progress to
15 continue to negotiate with Debtors. USACM also requested
16 over \$200,000 to hire a Company to appraise these properties.
17 They also requested secrecy in their negotiations in
18 order to make further progress. Even though they were
19 given these tools, I have not heard of any progress, nor
20 received any of the \$294,000,000 USACM has claimed to have
21 received.

22 The Lenders Committee previously appointed by the
23 Court has been composed of large investors only and
24 apparently USACM has made progress in resolving those larger
25 loans. The largest loan in Fox Hills is \$500,000, and I
26 assume that little has been done by USACM to administer,
27 appraise, negotiate, Notify Trustee to Foreclose, etc., to
28 resolve this loan.

1 Therefore I hope that USACM is kept in its
2 fiduciary responsibility until the loan has been repaid,
3 foreclosed or adjudicated. USACM does not warrant to be
4 absolved of its responsibilities to the 292 lenders in this
5 loan.

6 In addition, attorneys for this Liquidating Trust
7 have received all papers filed by me on 10/10/06, which I
8 am again including in this petition to the Court which
9 constitutes "Proof of Claim". The court should note that
10 USACM prepared the "Promissory Note Secured by Deed of Trust",
11 "Deed of Trust, Assignment of Rent, etc", and "Loan Agreement"
12 acting as a legal agent for the Lenders including their own
13 benefits if there is a default or delinquency of payments.

14 USACM claims to have no assets, but it has received
15 substantial fees in collecting \$295,000,000 plus fees, etc
16 collected in this past year.

17 *Edward Kline*

PROOF OF CLAIM

Name of Debtor:

MARGARITA ANNEX

Case Number:

06-10725-LBR

NOTE: See Reverse for List of Debtors and Case Numbers.

This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A "request" for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.

Name of Creditor and Address:

11321241000504
EDWARD KLINE & LEAH KLINE FAMILY TRUST
DATED 7/9/81
C/O EDWARD KLINE AND LEAH KLINE TRUSTEES
9932 ARBUCKLE DR
LAS VEGAS NV 89134-7530

☐ Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.

☐ Check box if you have never received any notices from the bankruptcy court or BMC Group in this case.

☐ Check box if this address differs from the address on the envelope sent to you by the court.

DO NOT FILE THIS PROOF OF CLAIM FOR A SECURED INTEREST IN A BORROWER THAT IS NOT ONE OF THE DEBTORS.

If you have already filed a proof of claim with the Bankruptcy Court or BMC, you do not need to file again.

THIS SPACE IS FOR COURT USE ONLY

Creditor Telephone Number (702) 256 6439

Last four digits of account or other number by which creditor identifies debtor:

102 MARGARITA ANNEX

Check here ☐ replaces a previously filed claim dated: _____
if this claim ☐ or ☐ amends

1. BASIS FOR CLAIM

- ☐ Goods sold ☐ Personal injury/wrongful death
☐ Services performed ☐ Taxes
☒ Money loaned ☐ Other (describe briefly)

☐ Retiree benefits as defined in 11 U.S.C. § 1114(a)☐ Wages, salaries, and compensation (fill out below)

Last four digits of your SS #: _____

Unpaid compensation for services performed from: _____ to _____

(date) (date)

☐ Unremitted principal☐ Other claims against servicer (not for loan balances)

2. DATE DEBT WAS INCURRED: 7/27/04

3. IF COURT JUDGMENT, DATE OBTAINED:

4. CLASSIFICATION OF CLAIM Check the appropriate box or boxes that best describe your claim and state the amount of the claim at the time case filed.

See reverse side for important explanations.

UNSECURED NONPRIORITY CLAIM \$

- ☐ Check this box if: a) there is no collateral or lien securing your claim, or b) your claim exceeds the value of the property securing it, or if c) none or only part of your claim is entitled to priority.

UNSECURED PRIORITY CLAIM

- ☐ Check this box if you have an unsecured claim, all or part of which is entitled to priority.

Amount entitled to priority \$ _____

Specify the priority of the claim:

- ☐ Domestic support obligations under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B)
☐ Wages, salaries, or commissions (up to \$10,000)*, earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(4).
☐ Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(5).

SECURED CLAIM

- ☒ Check this box if your claim is secured by collateral (including a right of setoff).

Brief description of collateral:

☒ Real Estate ☐ Motor Vehicle ☐ Other _____

Value of Collateral: \$ 100,000

Amount of arrearage and other charges at time case filed included in secured claim, if any: \$ _____

☐ Up to \$2,225* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(7).

☐ Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8).

☐ Other - Specify applicable paragraph of 11 U.S.C. § 507(a) (____).

* Amounts are subject to adjustment on 4/1/07 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.

5. TOTAL AMOUNT OF CLAIM \$

\$ 105,060

\$

\$ 105,060

AT TIME CASE FILED:

(unsecured)

(secured)

(priority)

(Total)

- ☒ Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges.

6. CREDITS: The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.

7. SUPPORTING DOCUMENTS: Attach copies of supporting documents, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary.

8. DATE-STAMPED COPY: To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim.

The original of this completed proof of claim form must be sent by mail or hand delivered (FAXES NOT ACCEPTED) so that it is actually received on or before 5:00 pm, prevailing Pacific time, on November 13, 2006 for each person or entity (including individuals, partnerships, corporations, joint ventures, trusts and governmental units).

BY MAIL TO:
BMC Group
Attn: USACM Claims Docketing Center
P. O. Box 911
El Segundo, CA 90245-0911

BY HAND OR OVERNIGHT DELIVERY TO:
BMC Group
Attn: USACM Claims Docketing Center
1330 East Franklin Avenue
El Segundo, CA 90245

THIS SPACE FOR COURT USE ONLY

FILED OCT 10 2006

DATE

10/1/06

SIGN and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any):

Edward Kline, Trustee

USA CMC



1072500547

~~Copy of Claim~~
Packet Contents

1. Proof of Claim form
2. Receipt of investment in Fox Hills
3. List of interest due to Creditor
4. Copy of Deed of Trust from Fox Hills
5. List of Contributors
6. Previously filed "Feedback" forms
7. Self addressed envelope & copy of ID form



February 1, 2006

Edward Kline and Leah Kline Trustees of the Edward Kline & Leah Kline Family Trust dated 7/9/91
Edward Kline
9932 Arbuckle Drive
Las Vegas, NV 89134

Dear Edward,

USA Capital would like to take this opportunity to thank you for investing in our First Trust Deed program. Your investment of \$100000 in the **Foxhill 216, LLC** loan was funded on 01-26-06. You will start earning interest from 01-26-06.

USA Capital continues to underwrite all loans with the same care and diligence we have used since 1989. The interest for this first trust deed investment will be paid on or before the 10th of each month. USA Capital will fully service your investment, including monthly interest, statements, and tax reporting. If you have any questions or comments, please feel free to call (702) 734-2400. Thank you again.

Sincerely,

USA Capital



April 15, 2006

Re: Fox Hills 216, LLC

Dear Investors:

Enclosed are copies of the Loan Agreement, Promissory Note, Deed of trust recorded in Merced County and Deed of Trust recorded in Fresno county in the above- referenced loan for your records.

If you have any questions or need additional information, please contact your broker. Thank you for your prompt attention to this matter. If you should have any questions regarding your investment, please contact your broker in the Las Vegas office (888) 921-8009, the Incline Village office (775) 833-2233 or the Reno office (866) 851-8180.

Very truly yours,

USA CAPITAL

Enclosures

INTEREST DUE TO CREDITOR FOR HILLS

3/1/06	- 3/30/06	1000
4/1/06	4/30/06	600
5/1/06	5/31/06	1000
6/1/06	6/30/06	1000
7/1/06	7/30/06	1000
8/1/06	8/30/06	1000
		<hr/>
		5600

38

When Recorded, Return To:
Goold Patterson Ales & Day
4496 South Pecos Road
Las Vegas, NV 89121
Attn: Bryan Day

FRESNO County Recorder
Robert C. Werner

DOC- 2006-0033404

Acct 2-Chicago Title Company

Wednesday, FEB 15, 2006 08:08:00

Ttl Pd \$179.00

Nbr-0002099173

JZG/R2/3-38

DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("Deed of Trust"), made this 23rd day of January, 2006, by and between Fox Hills Fresno Slough, LLC, a California limited liability company ("Trustor"), Fidelity National Title Insurance Company ("Trustee"), and those persons listed on Exhibit "A" attached hereto ("Beneficiary"). Capitalized terms used herein and not otherwise defined herein are used with the meanings set forth in that certain Loan Agreement ("Loan Agreement") of even date herewith between Trustor and Beneficiary.

WITNESSETH:

That for good and valuable consideration, including the indebtedness herein recited and the trust herein created, the receipt of which is hereby acknowledged, and for the purpose of securing, in such priority as Beneficiary may elect, each of the following:

1. The due, prompt and complete payment, observance, performance and discharge of each and every obligation, covenant and agreement contained in that certain Promissory Note of even date herewith in the initial principal amount of Twenty Five Million Seven Hundred Fifty-five Thousand Dollars (\$25,755,000.00) (the "Note"), together with interest thereon specified therein, executed by Trustor and Fox Hills 216, LLC, a California limited liability company, Fox Hills 99, LLC, a California limited liability company, Fox Hills 50, LLC, a California limited liability company, Fox Hills Nursery, LLC, a California limited liability company, Fox Hills Mitigation, LLC, a California limited liability company (collectively "Co-Borrower"), as maker, to the order of Beneficiary and any and all modifications, extensions or renewals thereof, whether hereafter evidenced by the Note or otherwise, and whether advanced now or in the future; and

2. The payment of all other sums, with interest thereon at the rate of interest provided for herein or in the Note, becoming due or payable under the provisions of this Deed of Trust, the Loan Agreement or any other instrument or instruments heretofore or hereafter executed by Trustor having reference to or arising out of or securing the indebtedness represented by the Note; and

See PAGE 31

List of Lenders #143



USA COMMERCIAL MORTGAGE COMPANY ("USACM")
Account Statement Feedback Form

USACM mailed new account statements for all Direct Lenders on July 10, and account statements for Fund members on July 11. We have made an extraordinary effort to be 100% accurate in our loan-by-loan and account-by-account reconciliation, but we recognize there may be lenders whose records don't match our statements. Print and complete this form to submit concerns you may have with your account statement(s).

If you need additional space, use a separate sheet of paper. You may attach any documentation you feel is necessary to support your concerns. Please remember to retain copies of this form and all documentation sent for your own records.

Vesting Name: EDWARD AND LEAH KLINE OF THE EDWARD KLINE AND LEAH KLINE
FAMILY TRUST DATE 7/9/91
 Account No. FOXHILL 216, LLC Client ID: 102

Name of Person Completing Form: EDWARD KLINE

Address (Street, City, ST, Zip): 9532 ARBUCKLE DR., LAS VEGAS NV 89134

Phone Number(s): Home (702) 256-6439 Cell ()

Email Address: —

Use the space below (and separate sheets, if necessary) to describe your concern about your new account statement and any action you would like from USACM. Please remember to include the name of any loan(s) referenced in your comments.

LAST STATEMENT SHOWS (1/30/04 - 4/12/06) A SURPLUS
OF \$9. THE LAST PAYMENT RECEIVED BY US
WAS ON 3/3/06. NO PAYMENTS WERE RECEIVED
AFTER THAT DATE. - VERIFIABLE BY OUR BANK
STATEMENTS (DIRECT DEPOSIT).

THEREFORE NO PAYMENTS WERE MADE
FROM THE PERIOD 3-1-06 THROUGH 4/12/06
AND PAYMENT SHOULD BE DUE US FOR
THAT PERIOD OF TIME. THIS ACCOUNT WAS
NOT IN ARREARS

Signature: Edward Kline

Date: 7/25/06

Mail the completed form to: USA CAPITAL, 4484 S. Pecos Road, Las Vegas, NV 89121. Attn: Investor Relations. Please allow up to 30 days for a response from the date we receive the form.

COPY
 SENT 7/25/06



USA COMMERCIAL MORTGAGE COMPANY ("USACM")
Account Statement Feedback Form

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If you need additional space, use a separate sheet of paper. You may attach any documentation you feel is necessary to support your concerns. Please remember to retain copies of this form and all documentation sent for your own records.

Vesting Name: EDWARD KLINE AND LEAH KLINE OF THE EDWARD AND LEAH KLINE
FAMILY TRUST DATE 7/9/91

Account No. FOXHILL 216, LLC Client ID: 102

Name of Person Completing Form: EDWARD KLINE, TRUSTEE

Address (Street, City, ST, Zip): 9932 ARBUCKLE DR, LAS VEGAS, NV 89134

Phone Number(s): Home (702) 256-6439 Cell ---

Email Address: ---

Use the space below (and separate sheets, if necessary) to describe your concern about your new account statement and any action you would like from USACM. Please remember to include the name of any loan(s) referenced in your comments.

IN RE: RECONCILIATION STATEMENT AS OF 4/30/06.
YOUR STATEMENT SHOWS THIS LOAN TO BE PERFORMING,
YET THE ACCOUNTING SHOWS IT AS NON-PERFORMING.
MY ACCOUNTING SHOWS NO PAYMENTS TO US
FOR THE MONTHS OF APRIL, MAY AND JUNE 2006.
THEREFORE IT SHOULD SHOW APPROXIMATELY
 $\$1312 \times 3 = \3936 OWED TO US.
WE CAN VERIFY THESE NON-PAYMENTS
BY OUR BANK STATEMENTS (AUTOMATIC DEPOSITS).

Signature: Edward Kline

Date: 7/29/06

Mail the completed form to: USA CAPITAL, 4484 S. Pecos Road, Las Vegas, NV 89121. Attn: Investor Relations. Please allow up to 30 days for a response from the date we receive the form.

4484 South Pecos Road - Las Vegas, Nevada 89121
 Phone: 702-734-2400 Fax: 702-734-0163 Toll Free: 888-921-8009 • www.TDIInvestments.com

El Segundo, CA

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

BMC GROUP
1330 E FRANKLIN AVE
EL SEGUNDO, CA 90245

ATTN: USACM
CLAIMS DOCKETING
CENTER

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

Teyferron

C. Date of Delivery

10-16-06

D. Is delivery address different from item 1?

☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

☐ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

2. Article Number

(Transfer from service)

7006 2150 0004 8082 4425

U.S. Postal Service
CERTIFIED MAILTM RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)
 For delivery information visit our website at www.usps.com

OFFICIAL USE

5244 2808 4000 0572 9004

EL SEGUNDO, CA 90245

Postage	\$	\$1.35
Certified Fee		\$2.40
Return Receipt Fee (Endorsement Required)		\$1.95
Restricted Delivery Fee (Endorsement Required)		\$3.00
Total Postage & Fees	\$	\$5.60

Postmark Here

10/03/2006

Sent To: **BMC GROUP**
 Street, Apt. No., or PO Box No.: **1330 FRANKLIN AVE**
 City, State, ZIP+4: **EL SEGUNDO, CA 90245**

PS Form 3800, August 2006

See Reverse for Instructions

Name, Address, Bar No., Telephone No. and E-mail Address

RECEIVED AND FILED

E-filed on: _____

2007 APR 16 A 11:13

U.S. BANKRUPTCY COURT
PATRICIA GRAY, CLERK

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA

In re: (Name of Debtor)

Case No. BK 06-10725 L PR

Chapter ☒ 7 ☐ 11 ☐ 13

USA CM Debtor(s)

(Name of Plaintiff)

Adversary No.: _____

Plaintiff

VS.

Hearing Date: April 26, 2007
Time: 930 AM

(Name of Defendant)

Defendant

CERTIFICATE OF SERVICE

Do not use this form to prove service of a summons and complaint. To prove service of a summons and complaint use the certificate in the court form entitled "Adversary - Summons and Notice of Scheduling Conference in an Adversary Proceeding" which is available on the court's website at www.nvb.uscourts.gov.

1. On 4/14/07 (date) I served the following document(s) (specify):

OBJECTION TO OBJECTION
MARGHERITA ANNEX By MAJ
Edward Klum